

§ 3281.12

§ 3281.12 Who designates the unit operator?

The owners of geothermal rights and lease interests committed to the unit agreement will nominate a unit operator. Before designating the unit operator, BLM must also determine whether the prospective unit operator meets the requirements of § 3281.11.

§ 3281.13 Is there a format or model a unit operator must use when proposing a unit agreement?

When proposing a unit agreement, submit to BLM:

- (a) The model unit agreement (see § 3286.1);
- (b) The model unit agreement with variances noted; or
- (c) Any unit agreement format that contains all the terms and conditions BLM requires (see §§ 3281.14 and 3281.15).

§ 3281.14 What minimum requirements and terms must be incorporated into the unit agreement?

(a) The unit agreement must, at a minimum:

- (1) State who the unit operator is, and that the unit operator and participating lessees accept the unit terms and obligations set forth in the agreement and applicable BLM regulations;
- (2) State the size and general location of the unit area;
- (3) Include procedures for revising the unit area or participating area(s);
- (4) Include procedures for amending the unit agreement;
- (5) State the effective date and term of the unit, as provided in paragraph (b) of this section;
- (6) Incorporate the minimum initial unit obligations, as specified in § 3281.15;
- (7) State that BLM may require a modification of the rate of resource exploration or development, or the production quantity or rate, within the unit area;
- (8) State that the agreement is subject to periodic BLM review;
- (9) State that BLM will deem the unit agreement as void as if it were never in effect if the minimum initial unit obligations are not met;
- (10) Include a plan of development; and

43 CFR Ch. II (10–1–08 Edition)

(11) Include a unit contraction provision.

(b) The unit agreement must provide that it terminates 5 years after its effective date unless:

(1) BLM extends such date of expiration;

(2) Unitized substances are produced or utilized in commercial quantities in which event the agreement continues for so long as unitized substances are produced or utilized in commercial quantities; or

(3) BLM terminates the agreement under subpart 3285 of this part before the end of the 5 year period.

(c) The agreement may include any other provisions or terms that BLM and the unit operator agree are necessary for proper resource exploration and development, and management of the unit area.

§ 3281.15 What is the minimum initial unit obligation a unit agreement must contain?

(a) The unit agreement must:

(1) Require the unit operator to drill, within the timeframe specified in the unit agreement, at least one unit well on a tract committed to the unit agreement;

(2) Specify the location and the minimum depth and/or geologic structure to which the initial unit well will be drilled; and

(3) Require the unit operator, upon completing a unit well, to provide to BLM in a timely manner the information required at § 3264.10 of this chapter.

(b) Depending on the size of the proposed unit area, BLM may require the minimum initial unit agreement obligation to include the drilling of more than one unit well.

(c) If necessary to aid in the evaluation of drilling locations, BLM and the unit operator may agree to include types of exploration operations as part of the initial unit obligation. An example of such work is drilling temperature gradient wells.

(d) BLM will not consider any work done prior to unit approval for the purpose of meeting initial unit obligations.